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絲路投資

Asia Pacific Silk Road Investment Company Limited

亞太絲路投資有限公司

(formerly known as PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The board of directors (the “**Directors**”) (the “**Board**”) of Asia Pacific Silk Road Investment Company Limited (formerly known as Pacific Plywood Holdings Limited) (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017 together with the comparative figures for the previous year. The annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*Year ended 31 December 2017*

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
REVENUE	<i>6</i>	273,347	555,386
Cost of services		<u>–</u>	<u>(781)</u>
Gross profit		273,347	554,605
Other income and gains	<i>6</i>	16,541	53,422
Selling and distribution expenses		(140)	(15,030)
Administrative expenses		(135,076)	(147,473)
Other expenses		<u>(26,004)</u>	<u>(23,170)</u>
PROFIT BEFORE TAX	<i>7</i>	128,668	422,354
Income tax expense	<i>8</i>	<u>(41,219)</u>	<u>(89,290)</u>
PROFIT FOR THE YEAR		<u>87,449</u>	<u>333,064</u>
Attributable to:			
Owners of the parent		82,274	321,907
Non-controlling interests		<u>5,175</u>	<u>11,157</u>
		<u>87,449</u>	<u>333,064</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year	<i>10</i>	<u>HK2.13 cents</u>	<u>HK9.40 cents</u>
Diluted			
– For profit for the year		<u>HK0.56 cents</u>	<u>HK2.18 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 HK\$'000	2016 HK\$'000
PROFIT FOR THE YEAR		87,449	333,064
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		(37,052)	(339,817)
Reclassification adjustments for (loss)/gain included in the consolidated statement of profit or loss			
– gain on disposal	6	–	(30,291)
– impairment losses		25,534	1,600
		(11,518)	(368,508)
Exchange differences:			
Exchange differences on translation of foreign operations		23,232	(16,473)
Reclassification adjustments for foreign operation disposal of during the year		–	(1,446)
		23,232	(17,919)
NET OTHER COMPREHENSIVE INCOME/ (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		11,714	(386,427)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		99,163	(53,363)
Attributable to:			
Owners of the parent		93,059	(64,164)
Non-controlling interests		6,104	10,801
		99,163	(53,363)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS			
Plant and equipment	11	1,748	2,908
Goodwill		2,182,663	2,182,663
Available-for-sale investments		731,435	718,465
Deposits and prepayments		19,689	865
Total non-current assets		<u>2,935,535</u>	<u>2,904,901</u>
CURRENT ASSETS			
Loan and interest receivables	12	1,117,669	878,079
Trade receivables	13	–	670
Deposits, prepayments and other receivables		27,733	4,103
Tax recoverable		5,549	5,549
Cash and cash equivalents		218,956	348,357
Total current assets		<u>1,369,907</u>	<u>1,236,758</u>
CURRENT LIABILITIES			
Other payables and accruals	14	121,327	13,333
Tax payable		3,849	47,179
Total current liabilities		<u>125,176</u>	<u>60,512</u>
NET CURRENT ASSETS		<u>1,244,731</u>	<u>1,176,246</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,180,266	4,081,147
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(34)	(78)
Net assets		<u>4,180,232</u>	<u>4,081,069</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,870	3,870
Reserves		4,152,763	4,059,704
Non-controlling interests		4,156,633	4,063,574
		<u>23,599</u>	<u>17,495</u>
Total equity		<u>4,180,232</u>	<u>4,081,069</u>

NOTES:

1. CORPORATE AND GROUP INFORMATION

With effect from 7 March 2018, the English name of the Company was changed from Pacific Plywood Holdings Limited to Asia Pacific Silk Road Investment Company Limited and the Chinese name 亞太絲路投資有限公司 was adopted as the secondary name of the Company to replace the previous Chinese name 太平洋實業控股有限公司 which had been used for identification purposes only.

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is located at Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The principal place of business of the Company was located at Units 3301–3303, 33/F, West Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong and has been changed to 35/F, Bank of China Tower, 1 Garden Road, Hong Kong with effect from 20 March 2018.

During the year, the Group was involved in the following principal activities:

- Operation of peer-to-peer (“**P2P**”) financing platform under the “CAIJIA” brand and other loan facilitation services
- Money lending
- Securities investments

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Huarong Financial Services Asset Management L.P., an exempted limited partnership incorporated in the Cayman Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain of equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>Disclosure of Interests in Other Entities: Clarification of the</i>
included in <i>Annual</i>	<i>Scope of HKFRS 12</i>
<i>Improvements to HKFRSs</i>	
<i>2014–2016 Cycle</i>	

The adoption of the above revised standards has had no significant financial effect on these financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ¹
HKFRS 9	<i>Financial Instruments</i> ¹
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ³
HKFRS 17	<i>Insurance contracts</i> ³
Amendments to HKAS 28	<i>Long-term interests in associates and joint ventures</i> ²
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ¹
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ²
<i>Annual Improvements 2014–2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28</i> ¹
<i>Annual Improvements 2015–2017 Cycle</i>	<i>Amendments to HKFRSs</i> ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but available for adoption

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable operating segments as follows:

- (a) Loan facilitation services: operation of P2P financing platform under the CAIJIA brand and other loan facilitation services;
- (b) Money lending: provision of loan financing;
- (c) Securities investments: trading of securities and investment in long-term securities;
- (d) Consultancy services: provision of corporate secretarial and consultancy services (disposed during the year ended 31 December 2016); and
- (e) Forestry business: forest logging and harvesting (disposed during the year ended 31 December 2016).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, gain on disposal of subsidiaries, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2017	Loan facilitation services HK\$'000	Money lending HK\$'000	Securities investments HK\$'000	Total HK\$'000		
Segment revenue						
Revenue from external customers	164,730	108,617	–	273,347		
Segment results	151,055	86,022	(35,434)	201,643		
<i>Reconciliation:</i>						
Bank interest income				1,163		
Corporate and other unallocated expenses				(74,138)		
Profit before tax				128,668		
Other segment information included in consolidated statement of profit or loss						
Depreciation	419	445	–	864		
Impairment of available-for-sale investments	–	–	25,534	25,534		
Loss on disposal of items of plant and equipment	449	–	–	449		
Capital expenditure	–	–	–	–		
Year ended 31 December 2016	Loan facilitation services HK\$'000	Money lending HK\$'000	Securities investments HK\$'000	Consultancy services HK\$'000	Forestry business HK\$'000	Total HK\$'000
Segment revenue						
Revenue from external customers	490,662	64,374	–	350	–	555,386
Segment results	390,504	64,406	23,036	(1,376)	(5)	476,565
<i>Reconciliation:</i>						
Bank interest income						1,150
Gain on disposal of subsidiaries						16,201
Corporate and other unallocated expenses						(71,562)
Profit before tax						422,354
Other segment information included in consolidated statement of profit or loss						
Depreciation	3,984	12	–	–	–	3,996
Dividend income	–	–	4,193	–	–	4,193
Gain on disposal of available-for-sale investments	–	–	30,189	–	–	30,189
Impairment of available-for-sale investments	–	–	11,280	–	–	11,280
Impairment of other receivables	1,941	–	–	–	–	1,941
Loss on disposal of items of plant and equipment	9,949	–	–	–	–	9,949
Capital expenditure	301	–	–	–	–	301

31 December 2017	Loan facilitation services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,331,723	1,149,193	745,224	4,226,140
<i>Reconciliation:</i>				
Tax recoverable				5,549
Corporate and other unallocated assets				<u>73,753</u>
Total assets				<u><u>4,305,442</u></u>
Segment liabilities	7,125	110,000	–	117,125
<i>Reconciliation:</i>				
Tax payable				3,849
Deferred tax liabilities				34
Corporate and other unallocated liabilities				<u>4,202</u>
Total liabilities				<u><u>125,210</u></u>
31 December 2016	Loan facilitation services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,441,052	889,234	781,170	4,111,456
<i>Reconciliation:</i>				
Tax recoverable				5,549
Corporate and other unallocated assets				<u>24,654</u>
Total assets				<u><u>4,141,659</u></u>
Segment liabilities	10,842	–	–	10,842
<i>Reconciliation:</i>				
Tax payable				47,179
Deferred tax liabilities				78
Corporate and other unallocated liabilities				<u>2,491</u>
Total liabilities				<u><u>60,590</u></u>

Geographical information

	Revenue from external customers		Non-current assets	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	90,176	62,606	20,431	679
Mainland China	183,171	492,780	2,183,669	2,185,757
	<u>273,347</u>	<u>555,386</u>	<u>2,204,100</u>	<u>2,186,436</u>

The revenue information is based on the location of customers. The non-current assets are based on the locations of the assets and exclude available-for-sale investments.

Information about major customers

A summary of revenue earned from each of the individual customer with its corresponding segment, which contributed over 10% of the Group's revenue for the year is set out below:

	2017			2016		
	Loan facilitation services segment	Money lending segment	Total	Loan facilitation services segment	Money lending segment	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	–	–	–	147,500	–	147,500
Customer B	117,000	–	117,000	–	–	–
Customer C	36,996	–	36,996	–	–	–
Customer D	–	–	–	69,449	–	69,449
Customer E	N/A*	N/A*	N/A*	67,500	317	67,817
Customer F	–	28,025	28,025	N/A*	N/A*	N/A*
	<u>153,996</u>	<u>28,025</u>	<u>182,021</u>	<u>284,449</u>	<u>317</u>	<u>284,766</u>

* The corresponding revenue of these customer is not disclosed as they individually did not contribute over 10% of the Group's total revenue for that year.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents (i) the net invoiced value of services rendered from operation of P2P financing platform under the CAIJIA brand and other loan facilitation services; and (ii) gross proceeds from money lending during the year.

An analysis of revenue, other income and gains is as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Revenue		
Interest income from loan financing	108,617	64,374
Loan facilitation services income	164,730	490,662
Consultancy services income	–	350
	<u>273,347</u>	<u>555,386</u>
	2017 HK\$'000	2016 <i>HK\$'000</i>
Other income and gains		
Bank interest income	1,163	1,150
Dividend income from available-for-sale investments	–	4,193
Foreign exchange differences, net	2	–
Gain on disposal of available-for-sale investments (2016: transfer from equity on disposal of HK\$30,291,000, net of transaction costs)	–	30,189
Gain on disposal of subsidiaries	–	16,201
Agency services fee income	13,000	–
Others	<u>2,376</u>	<u>1,689</u>
	<u>16,541</u>	<u>53,422</u>

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Depreciation	1,057	4,339
Impairment of available-for-sale investments*	25,534	11,280
Impairment of other receivables*	–	1,941
Minimum lease payments under operating leases	16,876	19,720
Auditor's remuneration	1,650	1,500
Employee benefit expenses (including directors' and chief executive's remuneration):		
– Fees	480	480
– Wages and salaries	21,774	68,901
– Pension scheme contributions	2,828	13,671
	<u>25,082</u>	<u>83,052</u>
Foreign exchange differences, net	(2)	742
Loss on disposal of items of plant and equipment*	<u>470</u>	<u>9,949</u>

* Items are included in “other expenses” in the consolidated statement of profit or loss.

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current — Hong Kong		
Underprovision in prior years	<u>—</u>	<u>1,002</u>
Current — Elsewhere		
Charge for the year	41,394	87,559
(Over)/under-provision in prior years	<u>(131)</u>	<u>955</u>
	<u>41,263</u>	<u>88,514</u>
Deferred	<u>(44)</u>	<u>(226)</u>
Total tax charge for the year	<u><u>41,219</u></u>	<u><u>89,290</u></u>

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,870,102,000 (2016: 3,424,201,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>82,274</u>	<u>321,907</u>
	Number of shares	
	2017	2016
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,870,102,000	3,424,201,000
Effect of dilution – weighted average number of ordinary shares:		
Mandatory convertible notes	<u>10,912,000,000</u>	<u>11,357,901,000</u>
	<u>14,782,102,000</u>	<u>14,782,102,000</u>

11. PLANT AND EQUIPMENT

For the year ended 31 December 2017, the Group had additions of plant and equipment at a total cost of HK\$289,000 (2016: HK\$1,174,000).

12. LOAN AND INTEREST RECEIVABLES

	2017 HK\$'000	2016 <i>HK\$'000</i>
Loan and interest receivables	<u>1,117,669</u>	<u>878,079</u>

The terms of loan entered with its customers are on credit. The credit period is generally within one year, extending up to two years, after monitoring assessment and further creditworthiness analysis on the debtors reviewed by senior management. The loan receivables carried at fixed interest rate ranging from 9% to 15% (2016: 9% to 15%) per annum. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's loan and interest receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group held collateral or other credit enhancements over its certain of its loan and interest receivable balances.

An aged analysis of the loan and interest receivables as at the end of the reporting period, based on the commencement of loan agreement entered and the date of interest income accrued, and net of provisions, is as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Within 30 days	–	145,026
30 to 90 days	–	93,026
91 to 180 days	–	91,208
181 to 365 days	361,078	230,561
Over 365 days	<u>756,591</u>	<u>318,258</u>
	<u>1,117,669</u>	<u>878,079</u>

The aged analysis of the loan and interest receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Neither past due nor impaired	863,244	453,650
Less than 30 days past due	148,713	93,026
30 to 90 days past due	–	8,895
91 to 180 days past due	–	–
181 to 365 days past due	68,962	283,086
Over 365 days past due	<u>36,750</u>	<u>39,422</u>
	<u>1,117,669</u>	<u>878,079</u>

Receivables related to a number of independent customers that have a good track record to the Group. In addition, the Group's certain of loan and interest receivables are secured by share charge, securities' accounts, convertible notes and consumable goods as collateral, as well as real estate located in Mainland China held by a guarantor.

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of those receivables that were past due but not impaired as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days for its trade receivables.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
31 to 60 days	—	670

14. OTHER PAYABLES AND ACCRUALS

	2017 HK\$'000	2016 <i>HK\$'000</i>
Other payables (<i>Note</i>)	116,984	9,657
Accruals	4,343	3,676
	121,327	13,333

Other payables are non-interest-bearing and have an average term of less than one year.

Note: Included in the above other payables is the refundable deposit of HK\$110,000,000 offered by an independent third party for the procurement of consumable goods.

15. EVENTS AFTER THE REPORTING PERIOD

- (a) On 19 March 2018, the Group entered into an extension letter with a borrower (the “**Borrower**”), an independent third party, pursuant to which the Group has agreed to extend the repayment date of several loans with total principal amount of up to HK\$298,000,000 to 2 March 2019. Prior to 19 March 2018, the Group provided the previous loan facilities to the Borrower with loan principal amounts of HK\$298,000,000 in aggregate. Further details of which are set out in the Company’s announcement dated 19 March 2018.
- (b) On 23 March 2018, the Group and Beijing Yiboantai Investment Management Company Limited (“**Beijing Yiboantai**”), an independent third party, entered into a transfer agreement, pursuant to which Beijing Yiboantai has agreed to transfer, and the Group has agreed to acquire, the trust beneficiary rights representing 283,310,000 trust units under the trust scheme effective from 30 September 2014 and all rights and obligations thereunder, at a consideration of RMB240,000,000. Further details of which are set out in the Company’s announcement dated 23 March 2018.

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been represented to conform to the presentation of current year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 December 2017, the Group's revenue was approximately HK\$273,347,000 (2016: HK\$555,386,000) and the Group recorded a profit of approximately HK\$87,449,000 (2016: profit of HK\$333,064,000), the basic and diluted earnings per share were HK2.13 cents and HK0.56 cents respectively (2016: basic and diluted earnings per share were HK9.40 cents and HK2.18 cents respectively).

As at 31 December 2017, the consolidated net assets of the Group were approximately HK\$4,180,232,000 (31 December 2016: HK\$4,081,069,000).

BUSINESS REVIEW

The Company is an investment holding company, and during the year ended 31 December 2017, the Group was principally engaged in the business of operation of peer-to-peer (“P2P”) financing platform and other loan facilitation services, money lending and securities investments.

Operation of P2P Financing Platform and Other Loan Facilitation Services Business

On 20 October 2015, the Company completed the acquisition (the “P2P Acquisition”) of 96% of the issued share capital of Katar Global Limited and its subsidiaries (the “Katar Global Group”) from Allied Summit Inc., at the consideration of HK\$2,400 million (the “Consideration”), satisfied by the way of issuance of non-redeemable convertible notes of the Company in the principal amount of HK\$2,400 million (the “Convertible Notes”). Since then, the Group, through the Katar Global Group and relevant structured contracts (the “Structured Contracts”), is principally engaged in the operation of a P2P online financing platform in the PRC, matching borrowers with private lenders for various financial products through the internet under the “CAIJIA” brand, which is conducted via the website (www.91caijia.com) (the “Caijia Website”) and other loan facilitation services. Details of the P2P Acquisition have been disclosed in the announcements of the Company dated 10 July 2015, 16 October 2015 and 20 October 2015 and the circular of the Company dated 29 September 2015 (the “Circular”). During the year ended 31 December 2017, a segment revenue of approximately HK\$164,730,000 (2016: HK\$490,662,000) and a segment profit of approximately HK\$151,055,000 (2016: HK\$390,504,000) were recorded. The decrease in segment revenue and profit was primarily due to the decrease in provision of P2P financing platform services during the year ended 31 December 2017.

Money Lending Business

Since obtaining the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2011, Joy Wealth Finance Limited (“**Joy Wealth**”), a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK\$2,536 million (2016: HK\$2,267 million). Interest rates ranged from 9%–15% per annum during the current year (2016: 9%–15%). For the year ended 31 December 2017, the interest income recorded by Joy Wealth was approximately HK\$90,176,000 (2016: HK\$62,256,000) whereas there was no reversal of impairment (2016: Nil) on the loan and interest receivables. Details on the loan and interest receivables are set out in note 12 to the financial statements.

Securities Investments Business

As at 31 December 2017, the Group was holding several investments which are equity securities listed on the Stock Exchange for long term investment. For the year ended 31 December 2017, these investments in the listed securities led to a net fair value loss of approximately HK\$11,518,000 (2016: net fair value loss of HK\$368,508,000) recognised in the consolidated statement of comprehensive income while there was no gain or loss on disposal (2016: net gain of HK\$30,189,000) recognised in the consolidated statement of profit or loss. The impairment loss recognised in the statement of profit or loss for the year is due to the significant decline in the market value of certain listed equity investment during the year. Significant investments in listed securities are discussed as below.

Investment in shares of Imperial Pacific

The major balance of the aforesaid listed securities represented the Group’s investment in 5,426,900,000 shares of Imperial Pacific International Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1076) (“**Imperial Pacific**”), representing approximately 3.8% of the issued share capital of Imperial Pacific as at 31 December 2017. Imperial Pacific, through its subsidiaries, is mainly engaged in (i) gaming and resort business, including the development and operation of integrated resort on the Island of Saipan.

As at 31 December 2017, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK\$586,105,000 (31 December 2016: HK\$575,251,000), representing 80.1% (31 December 2016: 80.1%) of the Group’s total investment in listed securities. No disposal nor addition of shares of Imperial Pacific was noted during the year ended 31 December 2017 (2016: Nil). The net fair value gain recognised as other comprehensive gain for the investment in shares of Imperial Pacific during the year ended 31 December 2017 was approximately HK\$10,854,000 (2016: net fair value loss of HK\$341,895,000).

Investment in shares of Huarong Int Fin

The Group also held 36,786,000 shares of Huarong International Financial Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 993) (“**Huarong Int Fin**”), representing approximately 1.0% of the issued share capital of Huarong Int Fin as at 31 December 2017. Huarong Int Fin, through its subsidiaries, is principally engaged in securities, futures and options contracts brokerage, provision of margin financing, corporate finance and asset management services and direct investment in equities, bonds, funds, derivative instruments and other financial products.

As at 31 December 2017, the fair value of the shares of Huarong Int Fin held by the Group amounted to approximately HK\$93,069,000 (31 December 2016: HK\$112,197,000), representing 12.7% (31 December 2016: 15.6%) of the Group’s total investment in listed securities. During the year ended 31 December 2017, investment in shares of Huarong Int Fin brought a net fair value loss of approximately HK\$19,128,000 recognised as other comprehensive loss (2016: net fair value loss of HK\$30,096,000). There was no disposal nor addition of shares of Huarong Int Fin during the year ended 31 December 2017 (2016: gain of HK\$30,189,000 from disposal of 24,000,000 shares). There was no dividend income received for investment in Huarong Int Fin during the year ended 31 December 2017 (2016: Nil).

OUTLOOK

In 2018, the Group will continue to expand its business varieties and be innovative to business models by actively promoting businesses such as internet finance business, licensed financial business, and merger and acquisitions to provide enterprises with comprehensive financial services.

Fully leveraging the advantages of the “CAIJIA” brand and comprehensive financial services, the Group is able to lay solid foundation in Hong Kong, and at the same time, to serve the Greater China. In the meantime, the Group will coincide with the development strategy of the state, “One-Belt-One-Road Initiative”, and coincide with the construction of Guangdong, Hong Kong, and Macau Greater Bay Area to strengthen the integration of internal resources, seek and explore value-based enterprises with great strength and excellent quality in such industries, keep constant synergetic development, and strengthen international business.

While expanding its business, the Group will continue to strengthen its corporate governance and risk prevention and control mechanisms to improve the overall system management and achieve the rapid and steady growth and development of the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2017, the Group had recorded net current assets of approximately HK\$1,244,731,000 (31 December 2016: HK\$1,176,246,000); and cash and bank balances of approximately HK\$218,956,000 (31 December 2016: HK\$348,357,000). The Group did not enter into financial instruments for hedging purpose.

Capital Structure

There was no change to the authorised and issued share capital of the Company for the year ended 31 December 2017. As at 31 December 2017, the total number of issued shares of the Company was 3,870,102,650 with par value of HK\$0.001 each (31 December 2016: 3,870,102,650 shares with par value of HK\$0.001 each).

Significant Investment, Acquisition and Disposals

Save as disclosed above, there was no significant investment, acquisition and disposals that should be notified to the shareholders of the Company (the “**Shareholders**”) for the year ended 31 December 2017.

The performance and prospect of the significant investments of the Group for the current year under review were discussed under the sections of “Securities Investments Business” above.

Segment Information

Details of segment information of the Group for the year ended 31 December 2017 are set out in note 5 to the financial statements.

Employees and Remuneration Policy

As at 31 December 2017, the Group had 40 employees which were mainly stationed in Hong Kong and the PRC. In-house training programs were provided for its employees to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the employees.

The remuneration policies of the Company aim at ensuring that remuneration levels are appropriate and in line with the Company’s target, mission and business performance. To do so, the Company considers various relevant factors such as the remuneration levels of its market competitors, market practices, job duties, responsibilities and scope, financial and non-financial performance, as well as the suitability of performance-based remuneration arrangements

Details of Charges on Assets

As at 31 December 2017, the Group did not pledge any assets to banks or other financial institutions nor did the Group have any corporate guarantee given to any entity (31 December 2016: Nil).

Future Plans for Material Investment or Capital Assets

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluates the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimising the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise.

As at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Treasure Policy

The Group has adopted a treasury policy on 24 May 2011 in relation to the Group's investments in securities of other listed companies on the Stock Exchange. The objective of the policy is to enable the Group to control and govern the possible future securities investments (if any, which may or may not occur).

Working Capital and Gearing Ratio

As the Group had a net cash position as at 31 December 2017 and as at 31 December 2016 with no borrowing, the gearing ratios were not applicable.

Foreign Exchange Exposure

Business transactions of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group has not implemented any foreign currency hedging policy at the moment. However, in the view of the fluctuation of Renminbi in recent years, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

Capital Commitment

As at 31 December 2017, the Group had capital expenditure contracted for but not provided for in its financial statements of approximately HK\$20,761,000 (31 December 2016: Nil).

Contingent Liabilities

As at 31 December 2017, the Group had no material contingent liabilities (31 December 2016: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

DIVIDENDS

The Directors did not recommend the payment of any dividend for the Year (2016: Nil).

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules during the year. Detailed information of the Company's corporate governance practices will be disclosed in the corporate governance report contained in the 2017 annual report of the Company which is expected to be published in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 of the Rules Governing the Listing of Securities on the Listing Rules. Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year.

AUDIT COMMITTEE REVIEW

As at the date of this announcement, the Audit Committee comprises three members comprising all the independent non-executive Directors, namely, Mr. Wong Chun Hung (who act as the chairman of the Audit Committee), Mr. Zheng Zhen and Mr. To Langa Samuelson.

All members of the Audit Committee possess appropriate knowledge and financial experience to perform their duties. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management system and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The consolidated financial statements of the Group for the year ended 31 December 2017 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2017.

SCOPE OF WORK OF ZENITH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Zenith CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Zenith CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zenith CPA Limited on the preliminary announcement.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/pphl). The annual report for the year ended 31 December 2017 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to Shareholders in due course.

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Guo Jintong (*Chairman*)

Mr. Li Jiuhua

Non-executive Directors

Ms. Gao Zhenyun

Mr. Yao Luo

Ms. Yu Yang

Independent Non-executive Directors

Mr. Wong Chun Hung

Mr. Zheng Zhen

Mr. To Langa Samuelson

By order of the Board

Asia Pacific Silk Road Investment Company Limited
(formerly known as Pacific Plywood Holdings Limited)

Guo Jintong

Executive Director and Chairman

Hong Kong, 29 March 2018

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.